



PORT STEPHENS
C O U N C I L

SUPPLEMENTARY INFORMATION

**ORDINARY COUNCIL MEETING
28 JUNE 2022**

INDEX

SUBJECT

PAGE NO

COUNCIL REPORTS

2.	FINANCIAL SUSTAINABILITY	3
5.	CODE OF MEETING PRACTICE REVIEW	17

- Nb. **Bold** Items listed above have not been previously received or viewed by Councillors.

SUPPLEMENTARY INFORMATION

ITEM NO. 2

FILE NO: 22/168427
EDRMS NO: PSC2017-00180

FINANCIAL SUSTAINABILITY

REPORT OF: TIM HAZELL - FINANCIAL SERVICES SECTION MANAGER
GROUP: CORPORATE SERVICES

RECOMMENDATION IS THAT COUNCIL:

- 1) Note and endorse this report.
- 2) Commence an engagement process to discuss the financial sustainability of the Council over the next 10 years with the community, including but not limited to the prospect of submitting a Special Rate Variation to the Independent Pricing and Regulatory Tribunal (IPART) for consideration for the 2023-2024 financial year.
- 3) Note and endorse the Communications and Engagement Plan – Our Funded Future (**ATTACHMENT 3**).

BACKGROUND

The purpose of this report is to include additional and amended information to the Financial Sustainability Report including the Communications and Engagement Plan – Our Funded Future (**ATTACHMENT 3**) to reflect further input received from Councillors.

ISSUES

Councillor Workshops

Item No. 2 'Financial Sustainability Report' reports that the Councillors agreed to meet to workshop the financial strategic direction for the 10 years and a number of initiatives were put forward. Workshops were held from April to June 2022 and initial measures were investigated and agreed upon to be factored into the upcoming Long Term Financial Plan, these include:

- Additional Special Variation application - \$550,000.
- Once-off increase of Fees and Charges - \$400,000.
- Implementation of paid tourist parking to additional sites - \$750,000 p.a.
- Identification of surplus land assets for potential sale. A number of sites have been identified and will be reported to Council in the short term, with the sale process taking up to 24-36 months.

These initial measures together injected income of \$7.7 million into the Long Term Financial Plan modelling.

Further initiatives brainstormed by the Councillors were then mapped to Council's Key Directions for Financial Sustainability endorsed in October 2021 and continue to be

investigated and implemented, where possible. A full listing is included in **(ATTACHMENT 4)**.

Communication and Engagement Plan – Our Funded Future

The following engagement methods have been altered or added as discussed with Councillors at the Two Way held on 21 June 2022.

- Staff handout at Council programs and activities.
- Static displays at key events and satellite sites.
- QR code on all collateral, to direct to the website and survey.
- Communication material sent to schools.
- 1 x Facebook Live Q&A to be recorded.
- 3 x drop-in sessions online with allocated presentation time (various dates/times).

Special Rate Variation Options for Community Engagement (ATTACHMENT 5).

The following options have been put forward to be included in the engagement with the community as discussed with Councillors at the Two Way held on 21 June 2022. The engagement will include the base scenario of a no special rate variation option and all figures are inclusive of the 2.5% rate cap.

Option 1 – Steady Growth

Enables Council to return to its operating target position by 2026, year 3 of the SRV and for the remaining of the plan. This will mean Council will be vulnerable to external shocks and will need to continue operating in austerity measures for the immediate 2 years and additional funds will not be available to redirect back into the community until 2026.

Option 1	
Cumulative	38.56%
Year 1	7.00%
Year 2	8.00%
Year 3	9.00%
Year 4	10.00%

Option 2 – Independent Recommendation

This option is founded on the recommendation from Professor Dollery and Drew. Council will achieve its operating target year 2 of the SRV and for the remaining of the plan. This will mean Council for the majority of the financial plan will be in a sheltered position to handle external shocks as highlighted in the recent pandemic. It will allow Council to meet its obligations, deliver for the community and provide some additional maintenance and/or enhanced services.

Option 2	
Cumulative	34.92%
Year 1	10.50%
Year 2	10.50%
Year 3	10.50%

Option 3 - Short Term Solution

Enables Council to return to its operating target across the 4 years of the SRV returning to predicted deficits in 2030. This will mean Council for the short term will be able to return back to pre-pandemic levels of service after which our financial position will deteriorate. As demonstrated in the past 2 years Council will be highly vulnerable to external shocks and will not be financially sustainable in the long term. It could be anticipated that a further special rate variation would be required for consideration in 2028 to be implemented by 2030.

Option 3	
Cumulative	29.68%
Year 1	11.50%
Year 2	5.50%
Year 3	4.00%
Year 4	6.00%

Option 4 – Single Year

Enables Council to achieve its operating target for the entirety of the plan. Council will be in a secure position to absorb external shocks, and provide services the community has identified in the Community Strategic Plan. Council will have the additional funds from 2024 which can be directed back into the community.

Option 4	
Cumulative	26.00%
Year 1	26.00%

ATTACHMENTS

- 4) Councillors Brainstorm Initiatives Mapped.
- 5) Special Rate Variation Options.

ATTACHMENT 4

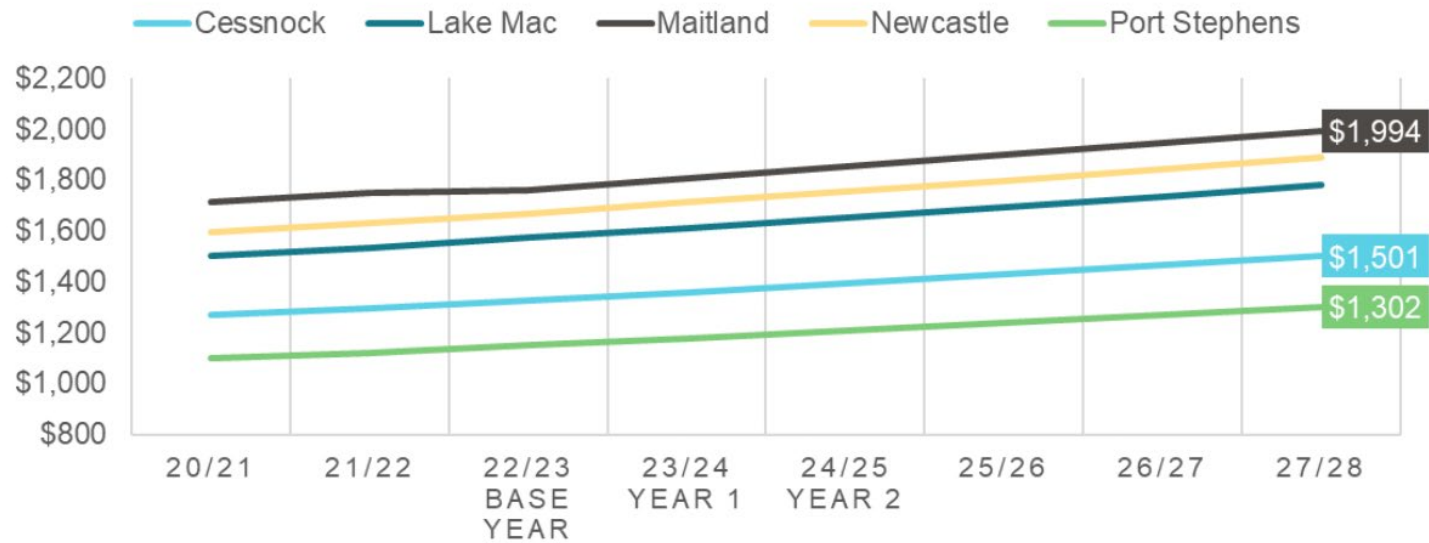
<p>1</p> <p>Avoid Shocks</p> <p>Reserve Management</p> <p>Cash Flow Forecasting</p>	<ul style="list-style-type: none"> • Debt Capacity Modelling, 20 • Debt Management Page 148-149, 21
<p>2</p> <p>Attain Underlying Surplus</p> <p>Operational efficiencies</p> <p>Reinvestment</p>	<ul style="list-style-type: none"> • City coins crypto, 50 • One council meeting a month, 51 • Recover before spend, 52 • Saturday morning workshop, 53 • Want the figures behind the spreadsheet (Tim's forecast spreadsheet), 55
<p>3</p> <p>Refine Approach to Funding Significant Infrastructure Projects & Initiatives</p> <p>Prosperity Fund</p> <p>Dividend return from non-rate revenue sources</p>	<ul style="list-style-type: none"> • Asset maintenance ratio - council definition of satisfactory at odds with citizens, 1 • Get the pothole data out to the community, 5 • Grant vs Capital funding breakdown, 6 • Road condition analysis and potholes, 10
<p>4</p> <p>Increase Income</p> <p>Statutory rates processes</p> <p>User fees and charges review</p> <p>Non-rate revenue performance</p> <p>Grants</p>	<ul style="list-style-type: none"> • Review waste services/green bins/EPA, 9 • Capturing dollars uplift in land rezoning's , 22 • Comparatively low developer contributions, 23 • Development contributions capped at 20K, or scope, or special consideration through state government, 24 • Road grants per km 45% community satisfaction, council receives far less per km than the typical peer group, 25 • Volunteer Planning Agreements, 26 • Increase tourism revenue, 37 • Own source revenue, identify ways of generating increased revenue, 38 • Selling Port Stephens products – market, 39 • Business Rates / Business Growth, 40 • Fairer Rate, 41 • Rating of over 55s developments, 42 • ? Period of potential SRV, considering locking new council into something, 43

	<ul style="list-style-type: none"> • Capacity to pay page 99 peer review, 44 • Only 14% of ratepayers were willing to pay for the proposed SRV - 7.5% over 7 Years, cumulative 66%, 45 • Options package for community consultation, 46 • SRV model incorporates - increased interest rates, increased mortgage rates, increased cost of living, 47 • What money from SRV will be spent on, 48 • Willingness to pay survey, 49
<p>5 Review and Adjust Services</p> <p>Continue discipline on savings/operational efficiencies</p> <p>Move to attainment growth in value for the community</p>	<ul style="list-style-type: none"> • Defer discretionary projects, 3 • Don't unnecessarily demolish community assets (boomerang park BBQ), 4 • Review of fleet operations/operations, 7 • Review PSC depreciation schedules, 8 • Routine maintenance should be a priority, 11 • Improve procurement process, 27 • Less dollars spent of external consultants "Doctor Drew", 29 • Not referring ridiculous code of conduct complaints to expensive external investigators, 30 • Now review corporate structure, 31 • Reduce staff expenditure, 32 • Review events / community / cultural grant programs, 33
<p>6 Increase Advocacy & Partnerships</p> <p>Avoid, minimise and mitigate external impacts</p>	<ul style="list-style-type: none"> • Create community volunteer maintenance groups to assist with civic pride + community maintenance projects (for example walking track mowing), 2 • Clear communications around approach to works & funding, 12 • Clear communications on all aspects of finance measures, 13 • Communication Section is overstaffed and ineffective, 14 • Community engagement is key, 15 • Did you know? C&E posts on social media to clearly articulate where funding comes from and goes to, 16 • How will we communicate "fiscal illusion" what is it, why did it happen, what is the real situation, 17 • Timing of communication to community regarding financial situation of Council, 18 • Type of community organisation that will be engaged, 19 • Later? Abolish ward structure, 28 • Ward structure, 34 • Encourage large scale events to boost business & tourism - sport – culture, 35 • Improve relationships with MPs and government, so we have more success with grant funding, 36 • Twelve-month task force advisory committee, 54

ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

ATTACHMENT 5

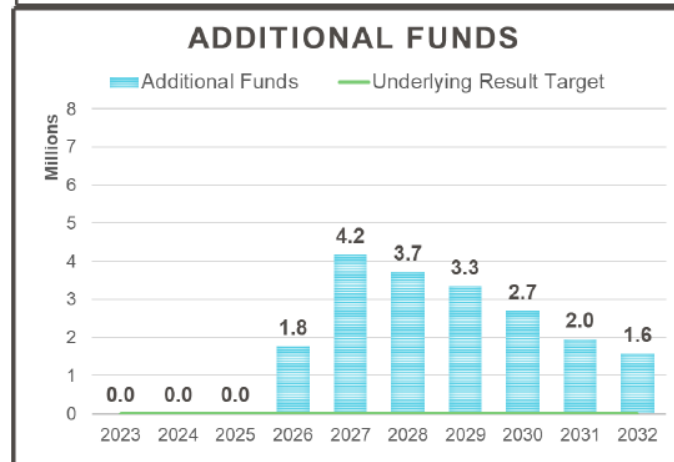
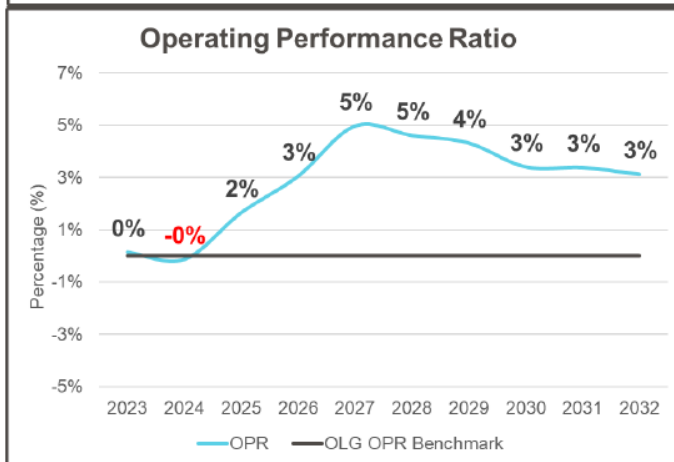
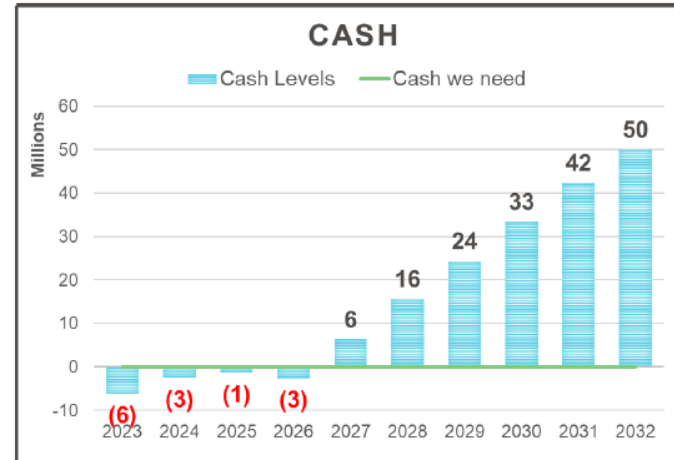
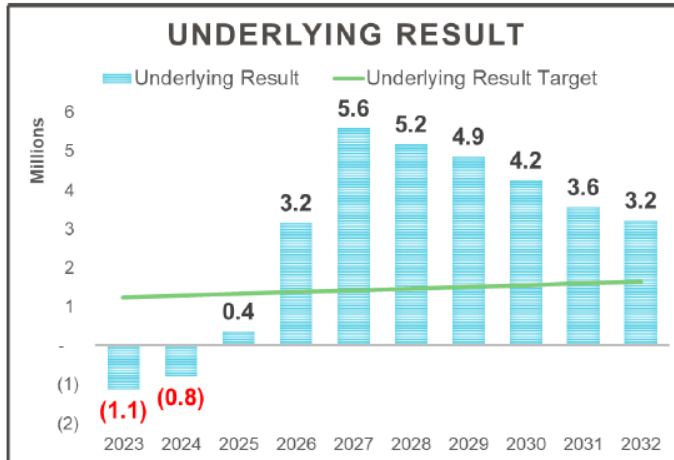
Base Option – Standard 2.5% Rate Cap
Average Residential Rates Projections



Data Source: Dolly & Drew Independent Financial Analysis 2022
2020-2021 Financial Year

ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

Option 1- Steady Growth

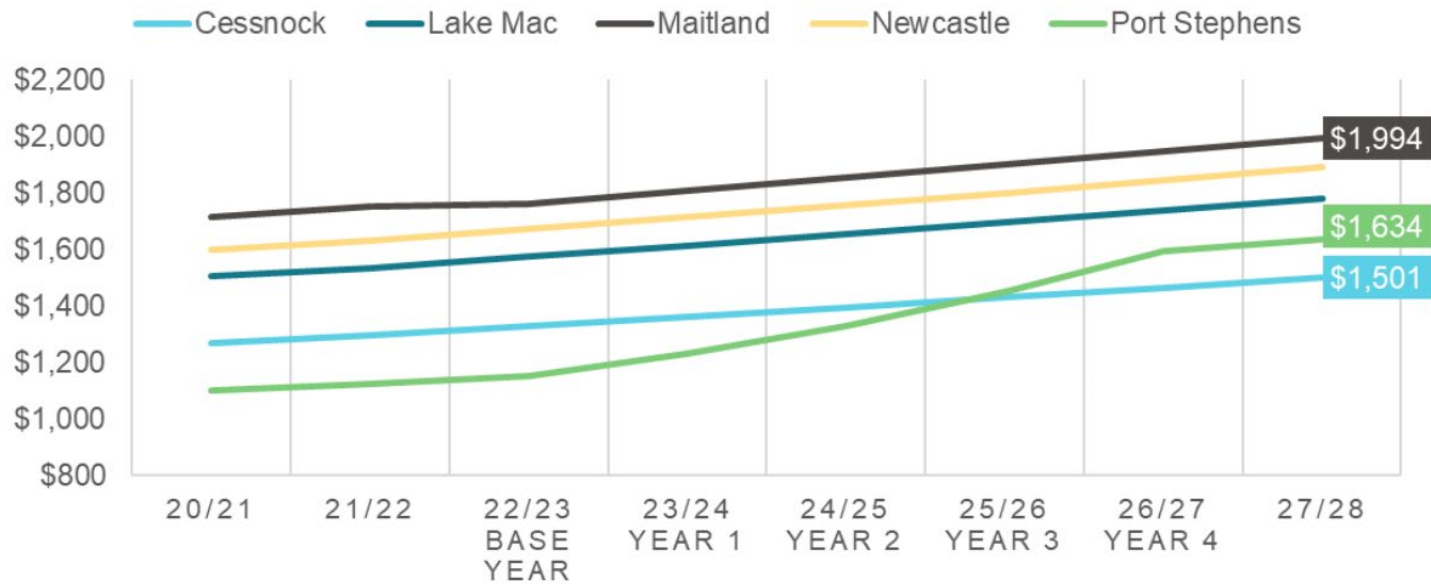


*The above does not factor in any expenditure of SRV funds (other than reducing predicted deficits). SRV expenditure will be modelled after community consultation to ensure allocation reflect community desires.

ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

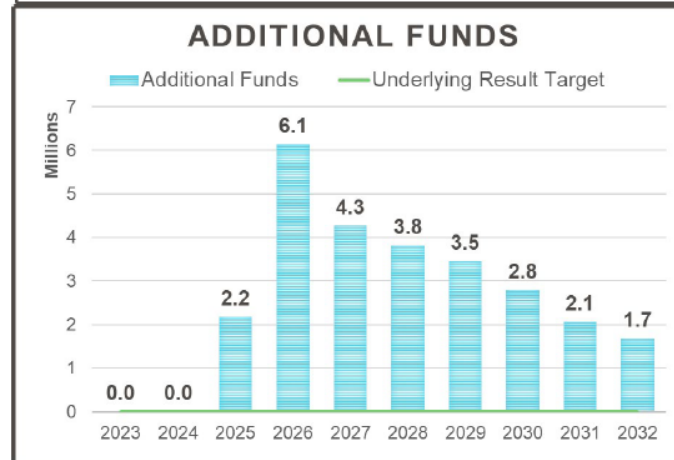
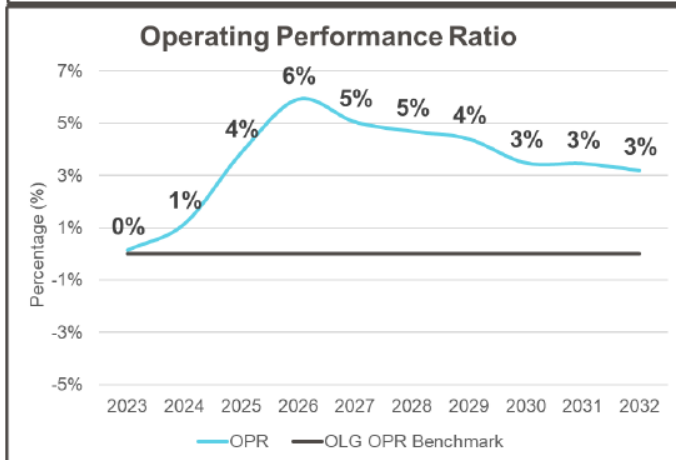
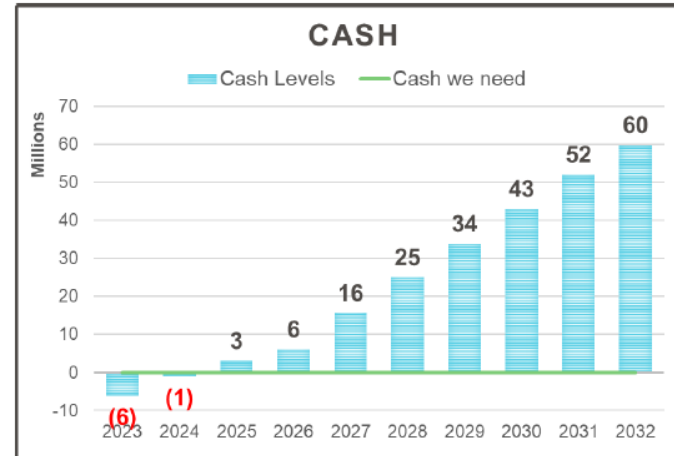
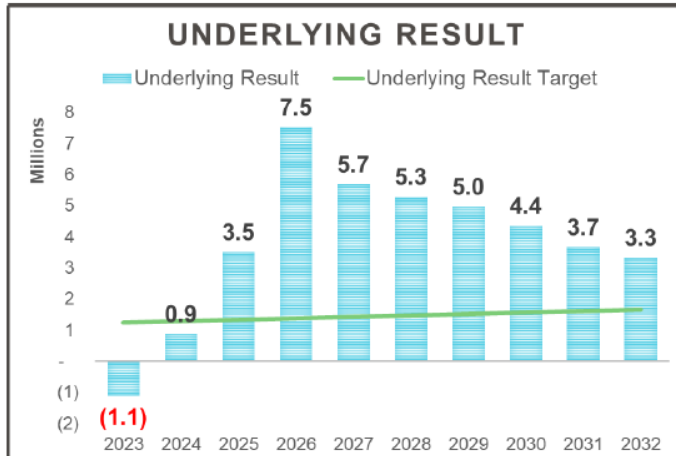
Option 1 - Steady Growth

Average Residential Rates Projections



Data Source: Dolly & Drew Independent Financial Analysis 2022
2020-2021 Financial Year

Option 2 - Independent Recommendation

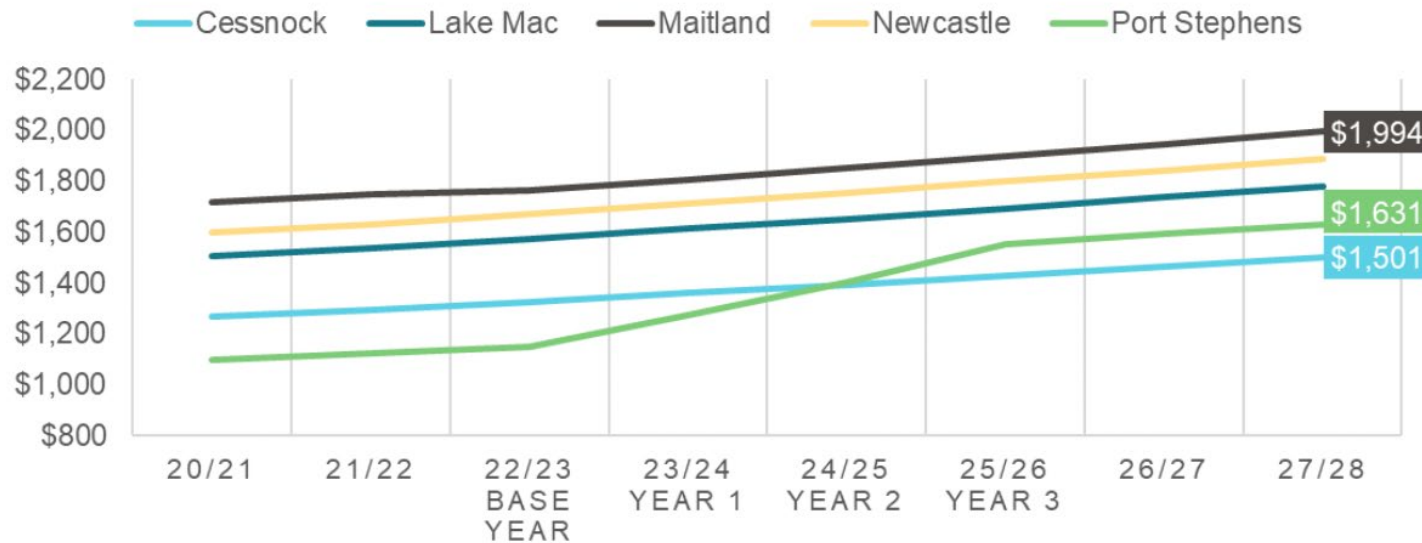


*The above does not factor in any expenditure of SRV funds (other than reducing predicted deficits). SRV expenditure will be modelled after community consultation to ensure allocation reflect community desires.

ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

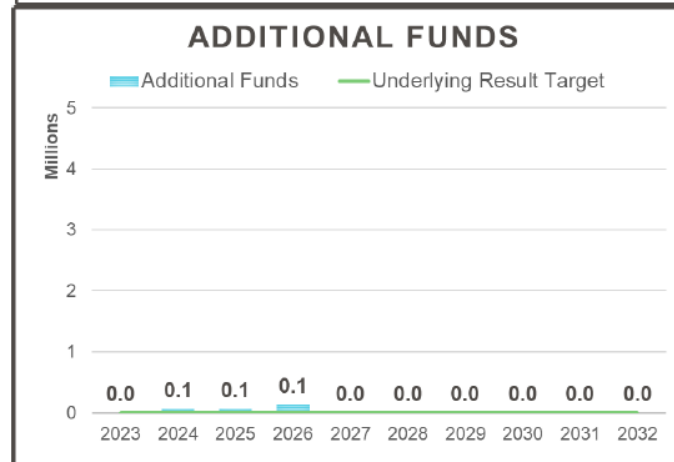
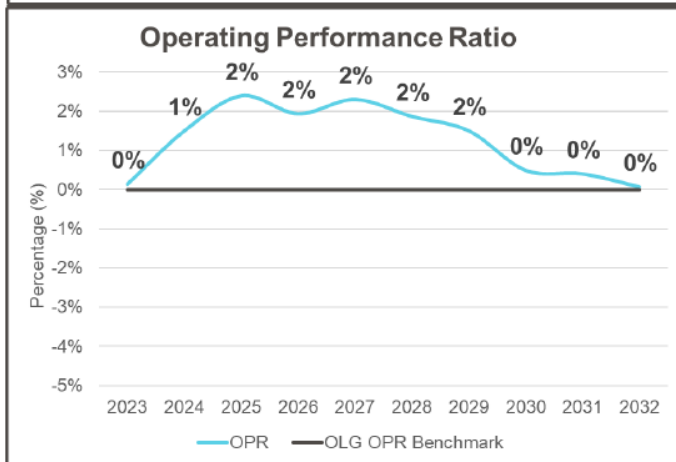
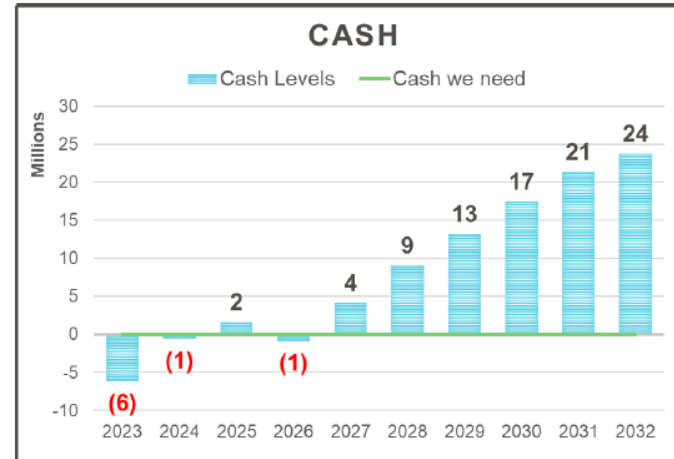
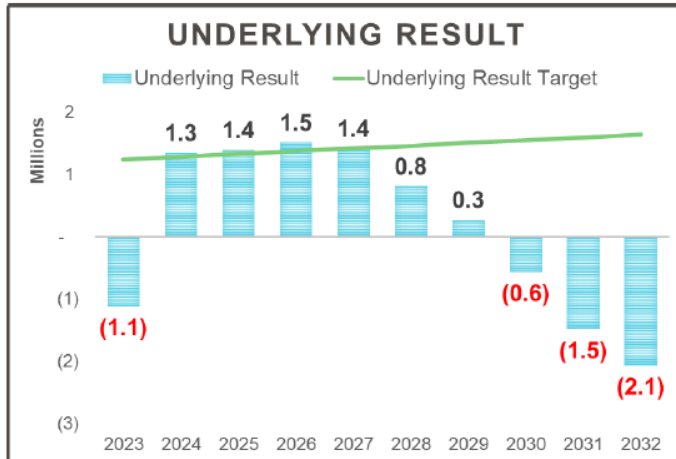
Option 2 – Independent Recommendation

Average Residential Rates Projections



Data Source: Dolly & Drew Independent Financial Analysis 2022
2020-2021 Financial Year

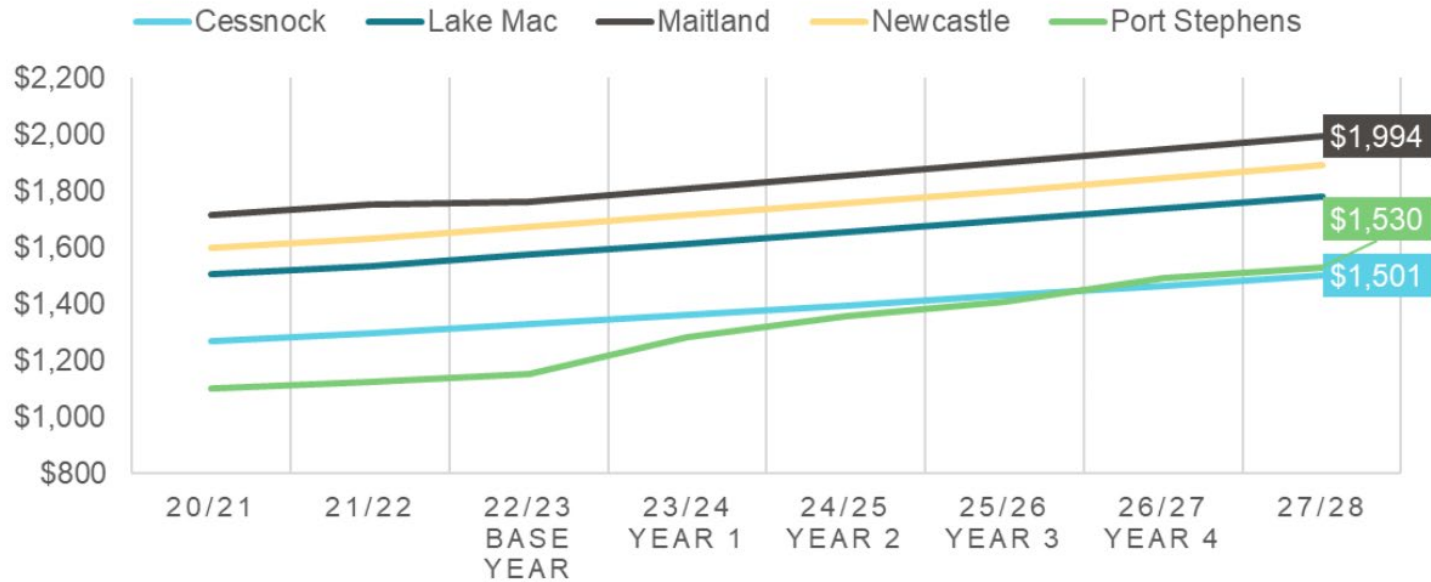
Option 3 - Short Term Solution



*The above does not factor in any expenditure of SRV funds (other than reducing predicted deficits). SRV expenditure will be modelled after community consultation to ensure allocation reflect community desires.

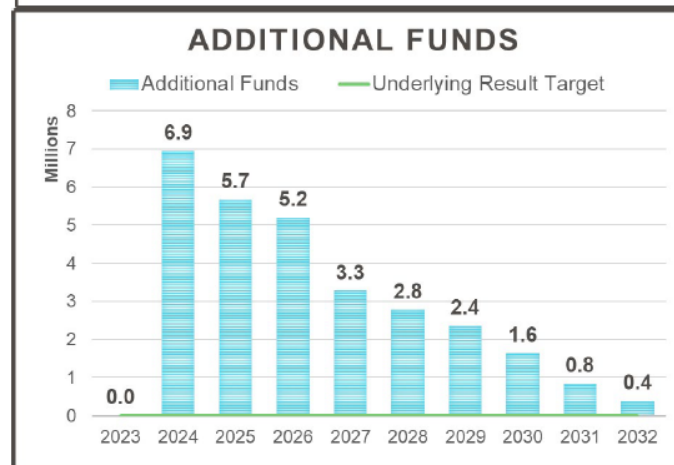
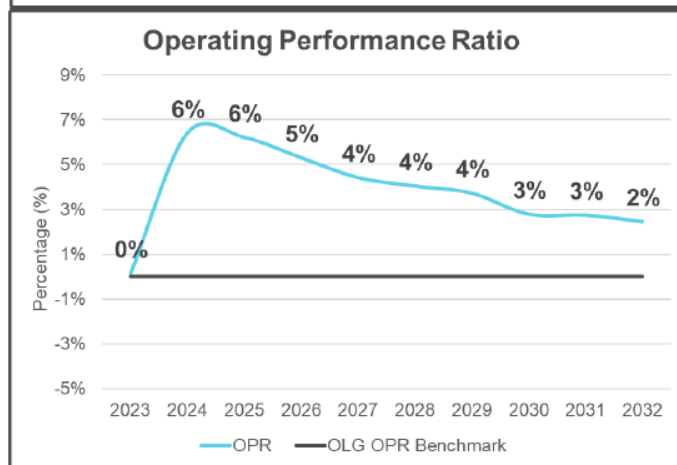
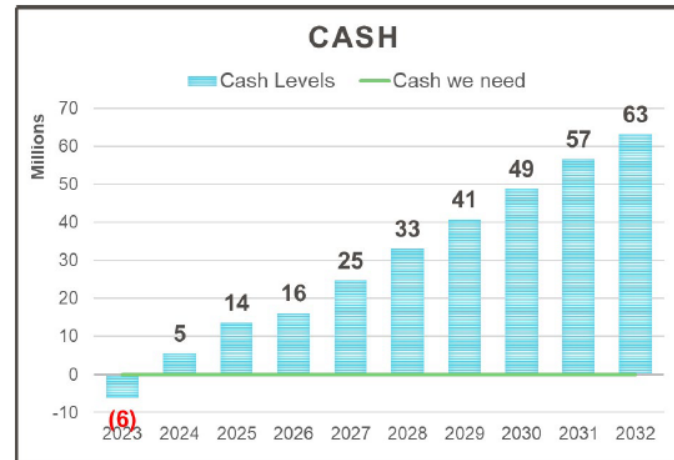
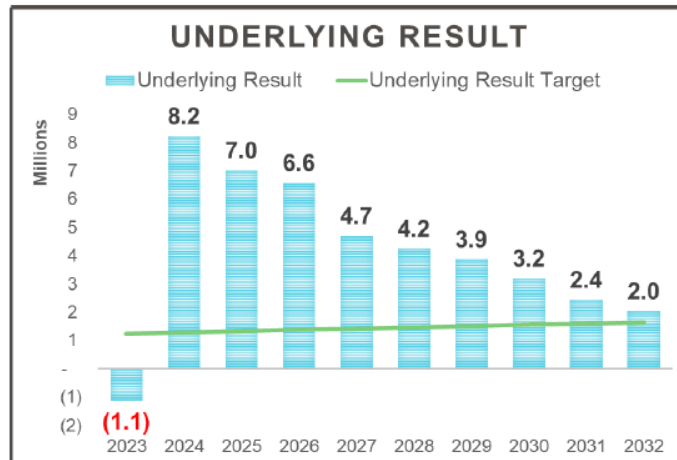
ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

Option 3 – Short Term Solution
Average Residential Rates Projections



Data Source: Dolly & Drew Independent Financial Analysis 2022
2020-2021 Financial Year

Option 4 - Single Year

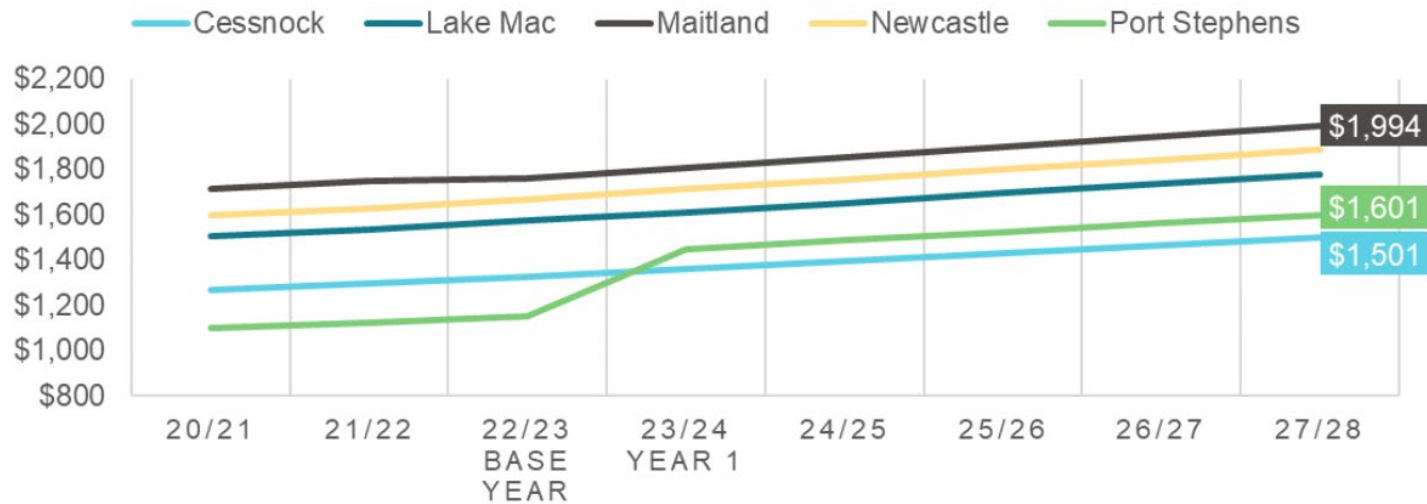


*The above does not factor in any expenditure of SRV funds (other than reducing predicted deficits). SRV expenditure will be modelled after community consultation to ensure allocation reflect community desires.

ITEM 2 - ATTACHMENT 5 SPECIAL RATE VARIATION OPTIONS.

Option 4 – Single Year

Average Residential Rates Projections



Data Source: Dolly & Drew Independent Financial Analysis 2022
2020-2021 Financial Year

SUPPLEMENTARY INFORMATION

ITEM NO. 5

FILE NO: 22/170911
EDRMS NO: A2004-0284

CODE OF MEETING PRACTICE REVIEW

REPORT OF: TONY WICKHAM - GOVERNANCE SECTION MANAGER
GROUP: GENERAL MANAGER'S OFFICE

RECOMMENDATION IS THAT COUNCIL:

- 1) Endorse the revised Code of Meeting Practice shown at (**ATTACHMENT 1**) with yellow highlighting and "strike out" feature.
- 2) Place the revised Code of Meeting Practice on public exhibition for a period of 28 days, allowing 42 days for submissions to be received.
- 3) Approve the Code of Meeting Practice as publicly exhibited, should no submissions be received, without a further report to Council.
- 4) Revoke the Code of Meeting Practice dated 9 June 2020, Minute No. 098, should no submissions be received.

BACKGROUND

The purpose of this report is to update Council on feedback from other councils on the risk management approach to broadcasting public access to the community.

Council is considering the revised Code of Meeting Practice at its meeting on 28 June 2022.

The following table is included in the business paper for Council's consideration.

Council	Speaker time limit	Public access webcast	Questions asked by councillors
Cessnock City	3 minutes with 2 further 1 minute extensions available.	Yes	Yes
Lake Macquarie City	4 minutes. Total of 10 minutes by speaker slot includes questions from councillors.	Yes	Yes
Maitland City	3 minutes with 1 minute extension by resolution.	Yes	No direct questions to speakers – able to

ORDINARY COUNCIL - 28 JUNE 2022 - SUPPLEMENTARY INFORMATION

			seek clarification from the chairperson.
Mid Coast*	3 minutes	No	Yes
City of Newcastle	<p>Public Voice (generally DAs only) – 10 minutes each ‘for’ and ‘against’ and 10 minutes for councillor questions.</p> <p>Public briefings (other council related matters once a month) – 2 sessions per month, 20 minutes for speakers and 10 minutes for councillor questions.</p>	Yes	Yes

*Mid Coast Council is proposing to broadcast public access in the draft Code of Meeting Practice

In addition, further consultation has occurred with over 120 emails forwarded across the local government sector. Councils were asked if they broadcasted public access and, if any, what risk management approaches were implemented to mitigate any exposure to council.

A total of 7 responses were received. The responses indicate those councils that broadcast (YES) and those who do not (NO):

Council	YES	NO
Fairfield City		X
Singleton		X
Glen Innes Severn Shire		X
Sutherland Shire	X	
Kiama Municipal	X	
Shellharbour City	X	
Lake Macquarie City – only broadcast live. The footage is not available post the meeting.		

Those councils who have decided to broadcast public access have provided notifications/statements to applicants with warnings that they must refrain from making statements that may be of a defamatory nature.

ISSUES

Council would need to consider any risks associated with broadcasting public access 'live' and any potential exposure to Council.

ATTACHMENTS

Nil.